

# **EXHIBIT 1**

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA

<b>AMAZON.COM AND AMAZON DATA</b>	)	
<b>SERVICES, INC.,</b>	)	
	)	Civil Action
<b>Plaintiffs,</b>	)	No. 1:20-CV-484-LO-TCB
	)	
<b>v.</b>	)	July 9, 2021
	)	10:00 a.m.
<b>WDC HOLDINGS, et al.,</b>	)	
	)	
<b>Defendants.</b>	)	
	)	

***TRANSCRIPT OF MOTION HEARING PROCEEDINGS  
BEFORE THE HONORABLE THERESA C. BUCHANAN,  
UNITED STATES DISTRICT COURT MAGISTRATE JUDGE***

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1 would say we've gone a year, we've indulged them at every turn.  
2 The issue now is not trying to answer what they were ordered to  
3 answer in November, it's sanction them by way of preclusion and  
4 that --

5 THE COURT: Ms. Papez, I just have to tell you, that's  
6 just not the way this Court operates.

7 I don't operate that way, and I don't think any other  
8 judge of this Court operates that way, that you sit back for six  
9 months and not bring another motion to compel, not bring it to  
10 the attention of the Court, and then just ask for sanctions, so  
11 that's not going to happen.

12 So, if you're telling me that you don't need anymore  
13 documents, and I'm telling you that I'm not going to grant  
14 sanctions, then what's the point of this? Because if you show --  
15 you've got the evidence here to show that money is missing, so  
16 then you can go back before Judge O'Grady and, you know, file an  
17 appropriate motion for him in terms of the TRO, but what is the  
18 point now of this motion? What is it that you are asking me to  
19 do shy of sanctions, because I'm not going to grant that.

20 MS. PAPEZ: Well, Your Honor, if you're not going to grant  
21 the sanctions for failure to answer the discovery that the Court  
22 already compelled in November, then, respectfully, if they  
23 maintain that they have an answer to this, the Court should order  
24 them to produce it.

25 THE COURT: Well, that's what I'm asking you. Okay. All

1 THE COURT: Okay. So I'm looking at your privilege log  
2 here, which is dozens and hundreds of pages.

3 MR. GARNETT: 6300.

4 THE COURT: Okay. So you had 6300 communications here?

5 MR. GARNETT: Yes.

6 THE COURT: And these were all communications with  
7 counsel?

8 MR. GARNETT: Yes.

9 THE COURT: So, how am I not seeing counsel on these  
10 e-mails? For instance, I'm looking at these and these are not  
11 with counsel, most of them, that I can see.

12 MR. GARNETT: Well, Your Honor --

13 THE COURT: Maybe I'm missing something here.

14 MR. GARNETT: We put together what we considered to be a  
15 very detailed privilege log and served it in December with the  
16 additional documents that were provided then. We have never  
17 heard from counsel what they believe the problem is with the  
18 privilege log. The issue is Mr. Watson and North Star involved a  
19 number of law firms in Denver, as did other defendants in the  
20 case, and there were communications with all of them that relate  
21 to -- and again, the key issue in the case at this point is  
22 simply --

23 THE COURT: Who is BHFS?

24 MR. GARNETT: BHFS is my law firm, Your Honor, Brownstein  
25 Hyatt Farber Schreck.

1 review of the devices.

2 THE COURT: All right. I'm going to order that the  
3 defendants completely answer Interrogatory Number 2, and you must  
4 fully address all the deficiencies that counsel pointed out, and  
5 especially on page 9 of their motion. You have to re-answer it,  
6 identify them by Bates numbers, specifically as to each  
7 transaction, explain where the money went.

8 You're going to have to account for this missing 18  
9 million or additional 5 or whatever it is as well. He should  
10 know where it went, and it's -- and if this predates April 2020,  
11 then so be it. He's going to have to account for all this money  
12 and where it went.

13 He's going to have to also completely re-answer  
14 Interrogatories 3, 5 and 6 completely. Since you told me you  
15 have not withheld anything pursuant to privilege objections from  
16 the electronic devices, I'm going to order that you produce  
17 directly from your third-party vendor the imaging of those  
18 devices directly to counsel.

19 I'm going to make this subject to counsels' eyes only,  
20 since it may have personal, private information in there, but the  
21 defendant is free to run their own searches then on those  
22 documents on those electronic devices.

23 As to the privilege log, Ms. Papez, I would like you to  
24 pick out 20 documents that you think are representative of what  
25 your concern is as to the privilege. I will then review those

1 in-camera. So, if you can identify those, say, mid-week next  
2 week, counsel, I'd like you to produce those specific 20  
3 documents within five days after that, and I will review them  
4 in-camera. If they are not -- and I will need an explanation  
5 from you as to why you believe those specific documents are  
6 privileged. Tell me who the players are and why it's privileged,  
7 and if I find the privilege was improperly taken, then I will  
8 relook at whether you can claim any privilege at all as to most  
9 of these.

10 So, I'm going to grant a motion in part as to compel. I'm  
11 going to deny as to sanctions. And I do -- I am going to order  
12 that you produce everything to them within ten days from today.  
13 That's re-answer the interrogatories, re-answer the request for  
14 productions, and produce any documents within ten days.

15 After that, Ms. Papez, you can bring a motion before Judge  
16 O'Grady as to what you think is appropriate, given that  
17 there's -- if there's still, assuming, missing money. All right.  
18 The Court stands in recess.

19 (Proceedings adjourned at 10:31 a.m.)  
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**C E R T I F I C A T E**

I, Scott L. Wallace, RDR-CRR, certify that the foregoing transcript of proceedings was prepared from an FTR Gold audio recording of proceedings in the above-entitled matter and was produced to the best of my ability. Indiscernible indications in the transcript indicate that the audio captured was not clear enough to attest to its accuracy.

/s/ Scott L. Wallace

7/12/21

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**Scott L. Wallace, RDR, CRR**  
**Official Court Reporter**

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**Date**